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Civil Service Journal

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"... a dollar of value for each dollar we spend."

President's address at Economy Achievement Awards Ceremony, page 1.

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CONTENTS

Special feature *Page*

President's address at Economy Achievement Awards Ceremony..... 1

Articles

The Manager's Role in Quality Staffing by John W. Macy, Jr..... 5

What Price Protection? by Andrew E. Ruddock..... 10

Financial Management and Executive Decisions by Ben Posner..... 15

A Science and Technology Fellowship Program by John Will and Reuben Pomerantz..... 19

Departments

ADP Billboard..... 9

Quotable..... 20

Training Digest..... 22

Recruiters Roundup..... 23

Legal Decisions..... 24

U.S. Civil Service Commission

JOHN W. MACY, Jr.....*Chairman*
L. J. ANDOLSEK.....*Commissioner*
ROBERT E. HAMPTON....*Commissioner*
WARREN B. IRONS....*Executive Director*

Worth Noting

TO PROVIDE PROMPT CONSIDERATION at the highest level in the Civil Service Commission on policy questions involving veterans in Federal employment, Commissioner L. J. Andolsek will have responsibility for representing CSC in contacts and consultation with major veteran groups at the national level. Commissioner Andolsek will draw on CSC bureau heads and other key officials for support in their fields of operation and specialization. George Dwyer, former Veterans Federal Employment Representative for CSC's Denver region, has been assigned to the Washington office as Director of the Career Placement Section and will serve as an initial point of contact on veterans' employment matters not requiring Commissioner Andolsek's personal attention. Edward H. Bechtold, head of CSC's Veterans Service Staff since 1957, has become a Member of the Board of Appeals and Review.

CARRIERS of Federal Employees Health Benefits plans may now advertise their plans under a change announced December 18 by the Civil Service Commission. Advertising has been prohibited since 1960, when the program began. The Commission now believes that employees, having had three opportunities in 5 years to study, select, and change plans, have learned to rely on official brochures for an accurate description of a plan's benefits, limitations, and exclusions. Another open season will be held February 1–15, 1965.

Carriers who decide to advertise their plans must do so at their own expense, the Commission said, adding: "We believe the employee's and the Government's premium dollar should be used to provide health benefits rather than to pay for advertising."

THREE YEARS after the Federal program for Employee-Management Cooperation was introduced by Executive Order 10988 (signed by President Kennedy January 17, 1962), the following figures emerge:

As of December 1964, the Post Office Department had granted exclusive recognition to employee organizations in 23,000 local units located in all parts of the country, as well as exclusive recognition to the parent unions at the national level. Some 510,000 postal employees are covered in these exclusive units. In Federal agencies other than the Post Office Department, exclusive recognition had been granted in 635 units covering 240,000 employees. Thus, three-quarters of a million Federal workers are in units where employee organizations have been granted exclusive recognition.

On the same date, 215 agreements had been negotiated in nonpostal installations, affecting 110,000 employees, and another 8,000 local agreements had been concluded in the Post Office Department.

(Continued—See Inside Back Cover.)

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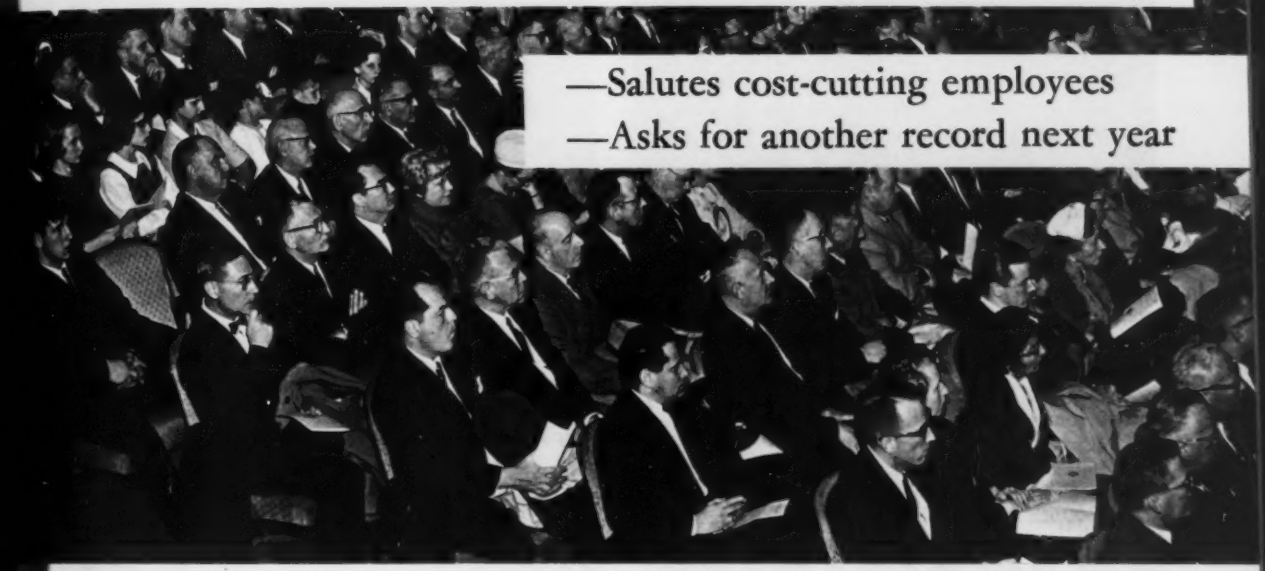
VISUAL ANALYSIS

I EXPECT TO FIND it at every level of responsibil-

On December 4 in Con-

President meets with Federal family



—Salutes cost-cutting employees
—Asks for another record next year

Director Gordon, Chairman Macy, Members of the Cabinet, Ladies and Gentlemen:

THIS IS AN OPPORTUNITY that I welcome. A President's day is never long enough for all the things that he might like to do. I would like to get out and meet with the people who work with me. I would like to see more of the men and women who are in charge of the bureaus. I would like to just sit and talk with them, listen to their ideas, perhaps get them to listen to some of mine. I should like to meet with employees, to discuss ways to keep Government service alert and proud. I so much want our Government service to be strong. I want it to have those qualities that make this a great and a decent country. I want it to be compassionate. I want it to be human, yet free of venality. I want it never to take itself for granted because that is the mark of a bad servant. An unmistakable sign of integrity in Government is a sense of responsibility to the taxpayers.

I HAVE SAID I believe in the tight fist and the open mind—a tight fist with money and an open mind to the needs of America. I want us to keep up with the times, but keep our feet on the ground. I want that same state of mind to prevail in every department and in every bureau of this Government. (*over*)

I EXPECT TO FIND it at every level of responsibility, from Cabinet members down to the newest and the youngest recruit. I want every supervisor to remember that your example is really what determines the attitudes of the men and the women who work with you. You are the officers of the line who lead the way and bear the burden and the responsibility. A man will sometimes think that because his rank is modest he is insignificant in the great scheme of things. But I have read what Nehru said as he worked with his colleagues and the British Ambassador on plans for a free India:

> "You know, we are small men and unimportant. But the cause in which we work is great—and some of that greatness touches each of us."

THAT IS THE WHOLE SPIRIT of the public service with which I have been so proud to have been associated all of my adult life. When I became your President one year ago, I assigned top priority to efficiency and economy in Government. I pledged that we would root out waste and inefficiency wherever we found it. I believe we have made good on that pledge. I believe we have the people's confidence in our sincerity. But we must continue to earn that confidence. Controlling waste is somewhat like bailing a boat: You have to keep at it. I have no intention of easing up on my insistence on getting a dollar of value for each dollar we spend.

ECONOMY ONCE IN A WHILE is just not enough. We have our work cut out for us in the years ahead. I have asked all Americans to join in creating the Great Society. The abundance of this great land must be put to work for the benefit of all of our people. We must eliminate poverty. We must wipe out discrimination. We must provide education and employment opportunities. We must help to create great cities. We must conserve the land and the open spaces, and we must serve all of our people all the time.

I do not think that any of this is beyond the reach of a purposeful and a resourceful people.

Theodore Roosevelt said that the President must be steward of all the people. So Government will play its proper part in this important work, and we cannot advance if our way is blocked with the debris of inefficiency or obsolescence, or downright waste. We can afford only the essential. Whatever fails to meet that test must

On December 4 in Constitution Hall—before an unprecedented representation of Cabinet members, agency heads, Federal officials, and employees—President Lyndon B. Johnson presented National Awards for Economy Achievements to 21 Federal employees, 4 supervisors, and 5 program managers whose achievements resulted in combined first-year economies of $85 million.

The ceremony was the capstone to a year-long program sponsored by the Civil Service Commission to mobilize an intensified employee effort to produce suggestions and on-the-job achievements that would cut costs or increase productivity in carrying out the President's pledge that the Government will set an example of prudence and economy.

EMPLOYEE ACHIEVEMENT—Among the 21 honored employees was Mrs. Margaret A. Bouchillon, Commodity Officer at Army's Edgewood Arsenal, Md. Her achievement concerned reduction in pesticide reserves with a saving of $1.5 million. Above, she receives award from President Johnson while Assistant Secretary of the Army Willis M. Hawkins proudly looks on after having presented her to the President. (*More complete information on individual and group achievements is given at the end of this article.*)

GROUP ACHIEVEMENT—A five-man task force from Treasury's Internal Revenue Service developed award-winning plan for better utilization of revenue agents and substantial reduction of paper work. Secretary of the Treasury Douglas Dillon (far left) presents to the President (left to right) Richard N. Felt, Murray H. Hendel, Joe L. Finch, Fred Dubitsky, and Ward E. Holland.

SUPERVISORY ACHIEVEMENT—One of four Government supervisors honored for effective stimulation of employees to look for and suggest ways to cut costs, Harry J. Lister (center), electrical repair supervisor at Kelly Air Force Base, is presented to the President by Secretary of the Air Force Eugene M. Zuckert. Mr. Lister's 341 employees produced 168 adopted suggestions with a saving of $134,774.

MANAGEMENT OR PROGRAM ACHIEVEMENT—One of five Federal managers honored for program cost-cutting, Philip J. Budd (center), Data Management Director in VA's central office, is presented to the President by Administrator of Veterans Affairs John S. Gleason, Jr. Mr. Budd developed a comprehensive plan for automation of numerous VA functions, producing a saving of $7 million.

be put aside. This is why we are closing defense installations that we no longer need. This is why I have ordered every department to install a cost reduction program patterned after the biggest department in terms of employees—the Defense Department—and in terms of budget. This is why I am prepared to do whatever is necessary to stop spending scarce dollars on programs and services which have outlived their day.

WE ARE GOING TO PUT "THRIFT" back in the dictionary. As President, I can, and I will, make the major decisions on holding total spending to the rock bottom. But most of the opportunities to increase efficiency and to find less costly ways to do business occur in the work that you do every day. And here is where I just must look to you and rely on you, because no one person can do this.

I want your help. I want every supervisor, I want every employee, to continually ask themselves two questions: What is it costing to do this work? Is there a way to do it as well or better that would cost less?

I want you to think of your bureau or your unit as though it were your own little private business. Would you have as many employees on your personal payroll? Would you be willing to write them checks every two weeks, the same amount that you are writing them with Uncle Sam's name signed? If they were working for you, would they be producing more? Could you make a profit with the practices that you are following? Where would you start to cut expenses if you didn't?

After all, really this is your business. You are the ones that are supporting it with your deducts, with your taxes, and you ought to be concerned with it. This is what a manager is there to do, and it is why I like to see tough-minded but fair people come into Government, with business experience. They are accustomed to market competition where quality and low unit costs make the difference between swimming and sinking. They can bring that state of mind to the management of the public's business. Where they do, everybody benefits.

But I am convinced that we have career managers in Government who are just as good as any managers in private business. I see evidence of this every day as our cost reduction program produces improvements and savings. And what I want you to understand this morning is that these talents must now be put to work at full capacity.

I AM ASKING for your help. I am asking for your cooperation. I am asking for your very best effort. And you will have the gratitude of your country and the gratitude of your President.

Today we observe the 10th year of the Incentive Awards Program. We honor the Government employees who have been diligent in seeking ways to reduce costs, and diligent in increasing efficiency. This program has achieved much. In a single year it produced 118,500 employee suggestions which were adopted. Its potential is vast.

Now I want to see another new record set in the coming 12 months. I have faith in you and I trust you, and I believe in you. Therefore, I just know you will do it.

Thank you very much. (*over*)

THOSE WHO WERE HONORED—The following 30 employee award recipients are representative of Federal worker response to the President's economy challenge. Winners were selected from among more than 150 agency nominees by CSC Chairman John W. Macy, Jr., Budget Bureau Director Kermit Gordon, and White House Assistant Frederick L. Holborn. The winners received Economy Achievement plaques signed by the President.

EMPLOYEE ACHIEVEMENT

Howard L. Rathman, Supply Management Officer, Air Force, Washington, D.C. Suggestion: modify and substitute excess B–52 engines for new engines scheduled for KC–135A tankers. $16 million saving.

Thomas R. Dewey, Electronics Engineer, National Security Agency, Ft. Meade, Md. Developed device which modifies cryptographic equipment to meet new requirement. $4.3 million saving.

Margaret A. Bouchillon, Commodity Officer, Army, Edgewood Arsenal, Md. Convinced officials that supply of pesticides reserved for mobilization needs could be reduced. $1.5 million saving.

Gerald R. Smith, Standardization Specialist, Defense Supply Agency, Philadelphia, Pa. Suggestion: refinish surplus frieze cloth to use instead of wool pile cloth in Air Force coats and jackets. $1.1 million saving.

Robert D. Woll, Equipment Specialist, Navy Aviation Supply Office, Philadelphia, Pa. Suggestion: convert certain surplus electronic equipment to avoid new purchases. $903,162 saving.

George B. Forrest, Supervisory Highway Engineer, Bureau of Public Roads, Commerce, Portland, Oreg. Suggestion: eliminate unused roadway widths made unnecessary by new compaction methods. $500,000 saving.

Kenneth K. Lawshe, Director, Executive Agencies Division, National Archives and Records Service, GSA, Washington, D.C. Developed new publishing techniques for *Federal Register*. $298,800 saving.

Roland J. Champagne, Chief, Reserve Fleet Preservation Branch, Maritime Administration, Commerce, Washington, D.C. Developed plan for ship preservation work to reduce man-hour and material costs. $200,000 saving.

Christopher S. Caldwell, Student Trainee (summer employee now returned to senior year at Johns Hopkins University), Naval Oceanographic Office, Suitland, Md. Devised new method for combining two computer programing languages to reduce computer running time. $99,802 saving.

Ruth S. Suttles, Supervisory Laundry Worker, VA Hospital, Tuscaloosa, Ala. Suggestion: cut laundry costs by using percale instead of muslin sheets in VA hospitals. $63,410 saving.

Harry S. Polasiak, General Foreman, Post Office, Chicago, Ill. Suggested device which permits quicker handling of mail. $52,178 saving.

Five-man task force from Internal Revenue Service, Treasury Department, for developing plan for better utilization of revenue agents and reduction in paper work. $924,450 saving. Award recipients were:

Ward E. Holland, Chief, Audit Division, Jacksonville (Fla.) District

Fred Dubitsky, Conference Coordinator, Manhattan District, New York, N.Y.

Joe L. Finch, Technical Advisor, Central Region, Cincinnati, Ohio

Murray H. Hendel, Coordinator, National Office, Washington, D.C.

Richard N. Felt, Conference Coordinator, Salt Lake City District

Three-member team from Atomic Energy Commission, New York Operations Office, New York, N.Y., for negotiations with computer manufacturer to permit any AEC office or AEC contractor to buy computers at large discounts. $395,043 saving. Award recipients were:

Samuel L. Hack, Assistant Manager for Research Operations

Alice C. Hodnett, Chief, Procurement Branch

Peter B. Devine, Attorney

Two-man team from NASA's Flight Research Center, Edwards, Calif., for developing quicker method for finding and correcting X–15 engine problems. $150,700 saving. Award recipients were:

John E. Reeves, Experimental Jet Systems Inspector

Joseph Darr, Jr., Aircraft Inspector

SUPERVISORY ACHIEVEMENT

Harry J. Lister, Chief, Electrical Repair, Kelly AFB, San Antonio, Tex., for effectiveness in stimulating employees to submit cost-cutting ideas. From 341 employees, had 168 suggestions adopted. $134,774 saving.

William A. Jones, District Manager, Railroad Retirement Board, Atlanta, Ga., for inspiring his small force to lead all RRB offices of comparable size in placing unemployed railroad workers. From 7 employees, had 3 performance awards and 4 for suggestions. $90,377 saving to railroad unemployment insurance fund.

Dale Barnett, Armament Foreman, Army, Ft. Sill, Okla., for exceptional leadership in encouraging employee contributions to economy. From 81 employees, had 42 adopted suggestions. $21,000 saving with an additional potential of $30,000.

Philip G. Seeger, Machine Shop Foreman, Bureau of Engraving and Printing, Treasury, Washington, D.C., for creating improvement-minded spirit among employees. From 75 employees, had 22 adopted suggestions and 2 performance awards. $17,617 saving, plus better equipment maintenance.

MANAGEMENT OR PROGRAM ACHIEVEMENT

Royce G. Hulsey, Acting Chief of Contract Administration, AF Plant Representative's Office, San Diego, Calif., for conducting unique manpower survey on a cost-plus contract with resulting decrease in size of company's work force. $40 million saving.

Bernard J. Vierling, Director of Systems Maintenance Service, Federal Aviation Agency, Washington, D.C., for introducing new management methods which cut manpower needed to maintain air navigation aids and air traffic control facilities. $8 million saving.

Philip J. Budd, Data Management Director, Veterans Administration, Washington, D.C., for developing comprehensive plan for automation of numerous VA functions. $7 million saving.

Myles A. O'Hara, Financial Manager, Naval Underwater Ordnance Station, Newport, R.I., for generating many improvements including acquisition of idle production equipment and consolidation of operations. $4 million saving.

Timothy J. May, Managing Director, Federal Maritime Commission, Washington, D.C., for reviewing agency functions in light of new laws and recommending detailed program of priorities and objectives for better mission accomplishment. Through vastly improved use of manpower higher productivity was achieved and many new functions were performed without staff increase.

THE MANAGER'S ROLE IN QUALITY STAFFING

by JOHN W. MACY, Jr., *Chairman*
U.S. Civil Service Commission

IN THE THOUSANDS of inspections of agency personnel operations which the Commission has made in the past 15 years one finding stands out clearly: the caliber of the agency's staff, whether good or bad, can be traced directly to the impact of *line management decisions* of prior years.

"The quest for quality," when it has been successfully achieved, reflects not so much the excellence of the personnel office as the insistence of top managers on selecting and training a competent staff. True enough, the personnel organization of the agency—backed up by recruitment programs, tests, and standards of the Civil Service Commission—can be of major assistance, but the crucial decisions are those made by the top man and his managers all down the line.

Today's missions and vast responsibilities of Federal agencies demand a high degree of staff effectiveness. Building the Great Society will require an able, dedicated career force, in addition to Presidentially appointed leaders of vision and talent.

For its part the Civil Service Commission is undertaking a fundamental review of staffing policies and operations which affect more than two million positions in the competitive civil service. We want to insure that our regulations, instructions, and standards that govern the filling of these positions meet the realities of today's employment conditions.

It is essential that all departments and agencies having competitive positions undertake a similar searching review of staffing policies and procedures, and I am suggesting such action in personal letters to agency heads.

NEED FOR COORDINATION

One problem area is already apparent to us—the need for better coordination between programs for recruiting, examining, and selecting new employees and programs for reassigning and promoting employees already on the rolls. In our regular inspections we will emphasize the need for coordination of the entire staffing process rather than separate approaches to recruiting, examining, placement, promotion, etc. In this way we hope to encourage wider use of the principle that jobs should be filled by the best placements possible.

Because of the historical emphasis in the Federal merit system on open competitive examinations, the program for boards of U.S. civil service examiners located in the agencies grew up separately from programs for placing and promoting employees within the agencies. By emphasizing quality staffing we hope to bring these two functions of external and internal recruitment into a sounder and closer relationship.

The basic concept of boards of examiners, representing a partnership between the Commission and experts in the agencies, dates back to the Civil Service Act of 1883 and is fully viable today. In fact, this partnership is now stronger than it was a generation ago, when the Commission attempted to employ on its own rolls experts in agriculture, economics, the natural sciences, etc., to plan and conduct examinations in their specialized fields. We found that truly expert professionals did not regard this type of examining work as a challenging career. Today, through a greatly expanded program of boards of examiners, we are able to enlist the part-time services of acknowledged experts from the agencies that will employ the candidates who pass the examinations. In this way we can assure ourselves that examining standards and procedures and the actual rating process will be shaped by persons who have full professional competence in the occupational areas concerned.

Our inspections emphasize the need to coordinate board activities closely with the agency's internal staffing programs. In addition, we assist agency management in improving all aspects of staffing practices. We urge managers not to await the formal inspection process but to make their own regular reviews of the whole staffing activity of their agencies.

MERIT PROMOTION

The Federal Merit Promotion Program, covering more than 2 million jobs in the competitive service, has now been in effect for 6 years. Its primary goal is to assist Federal managers in designing simple, effective methods for assuring that promotions will be made from among the best qualified employees available. The Commission

recognized that no one system would be equally effective for all agencies, in view of vast differences in size, structure, geographical dispersion, mission, and occupational characteristics. Therefore, agencies were given discretion to shape their own promotion programs within broad guidelines issued by the Commission, and after consultation with employee organizations. These guidelines include the following principles:

- Broad areas of consideration must be used to provide a supply of well qualified candidates for promotion.
- Qualification standards and evaluation methods must be reasonable and valid, and must be applied with fairness and equity to all candidates.
- Selection must be made from among the best of the qualified candidates without discrimination among them for any nonmerit reason such as sex, race, religion, or politics.
- Concurrent consideration should be given to qualified individuals outside the agency who are known to be available.
- Provision must be made for administrative action on complaints arising out of promotion procedures and actions.
- The views of employees and employee organizations must be obtained in developing promotion plans and when making substantive revisions in them.
- Adequate procedures must be developed for periodic review of promotion guidelines and plans.

Our reviews of the new program show that it has demonstrated its value to both employees and agency management. The program's insistence on competition for promotion within wide areas of consideration and selection on the basis of merit has created promotion opportunities where there were none before and has led to the selection of competent people who would otherwise have been overlooked.

Several perfecting amendments have been made to Commission guidelines and instructions as the result of our reviews but no major changes were found necessary. Nevertheless we find that some misunderstandings about the promotion program still exist among managers and employees.

The following are typical of misunderstandings on the part of employees:

"Why call this a promotion program when agencies can still hire people from the outside?"

In requiring adoption of the new promotion program, the Commission did not infringe on the right of the manager to choose the *method* of filling each vacancy. Thus he can decide to fill a vacant job by reassignment, transfer from another agency, reinstatement of a former Federal employee, probational appointment from a civil service examination, or promotion from within. Our civil service system has always provided this type of flexibility—an essential feature of merit staffing.

Qualified persons from outside an organization should be given concurrent consideration. Only in this way can we have a measure against which to judge candidates already in the organization. A Federal agency or office is, first of all, a public organization with a responsibility to staff its positions in the public interest. Only by preserving its ability to consider and select from among the best of all the qualified persons available can management carry out this trust effectively. For this reason, a Federal office cannot be the private *"career preserve"* of its own employees, nor can management permit the stagnating effect of too much inbreeding. *This is not merit promotion.*

Other respected career systems which are run on merit principles have, in recent years, recognized the need for "lateral entry" at middle and upper levels; for example, the American Foreign Service and the British Administrative Class. In the American civil service, we have always kept the way open for competent persons from business, labor, universities, and other segments of American life. We need to insure that these doors remain open, not slightly ajar.

Because of their job-related experience, well qualified employees necessarily enjoy an advantage over outsiders in getting many higher level positions and a virtual monopoly on them in most areas where qualifications unique to Government are required. This fact notwithstanding, it is a proper public responsibility to require that agency management retain the flexibility to consider other citizens where they too—through open competition—can meet agency needs. What is in the public interest must prevail. This is fundamental.

"The areas of competition for promotion are too broad in my agency's plan."

It is natural for employees in a division or office to feel that they should have the inside track when a vacancy occurs in that office. Therefore, they may be concerned when an employee is brought in from another division or office of the agency. What they overlook is that a broad area of competition, while seeming to go against them in this case, may well operate in their favor the next time by getting them a promotion in another office of the agency.

The practice of giving real consideration to so-called outsiders means greatly enlarged promotion opportunities for highly qualified people. Semiautomatic promotion of the less well qualified would injure the quality of the public service and the best interests of all its employees. From the viewpoint of the agency and the general public, it is essential to a sound career development plan for employees to compete for promotion on a broad interoffice, regional, or even nationwide scale, depending on the type of job. Otherwise promotional opportunities are too much a matter of chance; one regional office may have a high turnover so that every remaining employee can progress as fast as his qualifications allow,

while in another regional office of the same agency, better qualified employees may lose opportunity to advance.

The Commission has not attempted to prescribe or define areas of competition for promotion purposes, since this will necessarily vary with the kinds of jobs and the needs of the agency. But the basic effort of the whole promotion program is to extend these areas beyond the narrower confines used in the past.

"More weight should be given to seniority in ranking employees for promotion."

Seniority can properly be controlling in such management decisions as assigning preferred work shifts, lunch hours, parking spaces, vacation periods, etc., but the selection of candidates for promotion to higher grades is too crucial to the future health of an enterprise to be decided on such an automatic basis. Seniority as the primary determinant in promotion disregards the public interest in the favor of the special interests of one employee who has the most time in a given office. The employee with long experience on the job has a natural advantage if he has continued to grow as a result of this experience but we all know of employees whose long tenure on the job has not increased their effectiveness proportionately. The criterion of seniority for advancement completely ignores factors of potential, initiative, drive, and leadership ability which we must encourage and reward if we are to raise productivity in line with the commitment of the President and our obligation to the American people.

The very nature of our personnel system gives ample evidence of the Commission's interest and good faith with respect to the needs of long-service employees. That system, however, should never be so narrow in its promotion principles that it puts a premium on how long an employee has been around and outweighs an honest appraisal of how far he is capable of going. In other words, when management promotes an employee, it should give primary consideration in its selection to its assessment of how well the individual will perform the more difficult job, not solely to how long he has done a less responsible one. This principle is also fundamental.

"My agency should post notices informing all employees of vacancies."

Posting or circulating notices is certainly one effective way of calling promotion opportunities to the attention of interested employees. Many Federal agencies have adopted such plans after consulting with their employees. The advantages of this method are obvious and easily understood. It does have the weakness that an employee who is absent for a while may miss an opportunity to apply. Also, the posting requirement may delay filling the job.

Another method of insuring consideration for all employees is a review of employee records by the personnel office. This requires, of course, complete and current statements of qualifications prepared by employees, and some systematic way of coding the records so that all eligible employees will come up for consideration when a vacancy occurs. A disadvantage of this method is that the employee doesn't know every consideration he receives. However, there are important advantages. Here, again, the employee doesn't have to be constantly alert to apply for every possible opportunity for fear of missing one.

The Commission has not specified which of these basic methods agencies must choose, since we believe this is a matter to be decided by each agency in the light of its own management needs, after appropriate consultation with its employees.

MANAGEMENT ALSO HAS its share of misunderstandings about the promotion program. Following are three typical comments:

"The program requires too much paperwork."

The Commission's guidelines are broad and do not specify details or procedures. In an earnest effort to do a good job some agencies have developed needlessly elaborate systems. In our inspections of agency promotion programs we find more occasions to criticize overly complicated plans than overly simple ones. We hope through our inspections to reduce promotion paperwork wherever possible. We urge managers to review their present procedures critically.

At the same time, we must all recognize that a talent search requires some effort, whether it is a nationwide contest for high school science students or a military or civilian promotion program.

"When most or all candidates for promotion are qualified to fill the vacancy, I can't possibly rank them adequately to select the best qualified."

Ranking large numbers of employees who already meet minimum standards for a vacancy can be a real problem. Appropriate written tests, records of experience and training, interviews, and supervisory appraisals all have value when properly used. This can become a technical matter, and the manager would do well to request advice from his personnel staff. The Commission is developing materials to help agencies in the evaluation and ranking process. But the manager must personally involve himself in the process, rather than relying on external formulas, by expressing his definition of quality candidates and determining the methods that will select them.

"The same person would have been promoted anyway."

This comment sometimes comes from agencies which had effective promotion programs before 1959; in other words, there is nothing new in the program for agencies which have always done a good promotion job. In other cases, an outstanding candidate may loom above

all other contenders regardless of formal procedures. But even in such cases the capable manager will want to assure himself, by systematic screening, that the apparently logical choice is actually the best qualified. In this way the promotion plan provides a way of verifying or doublechecking what seems to be an obvious selection.

THESE MISUNDERSTANDINGS, plus our findings in many inspections, highlight the need for *better communication* between top management and those who operate the promotion program or come under its provisions. In our inspections we find that substantial numbers of employees have some knowledge of the promotion plan but a significant number do not. The Federal Merit Promotion Program is respected most by those who know most about it. Practically all the complaints were withdrawn by the employees when the promotion procedure was fully explained. Of course, in considering criticisms of any promotion plan, we must allow for the feelings of people who are not selected for advancement. Understandably there will always be some disappointments; therefore, complaints and appeals must be sympathetically considered.

A COMMISSION ACTION PROGRAM

The action program for quality staffing which the Commission is undertaking includes the following elements:

- The Commission will focus its resources on a positive program to achieve quality staffing in the Federal service, including a critical review of recruitment, examining, staffing, and career development policies and practices.
- Future reviews of agency personnel management will emphasize quality staffing and will inquire how managers are meeting their responsibilities in this important area.
- We expect to publish periodic reports analyzing Federal turnover and accessions, occupation by occupation, and projecting requirements for new workers several years in advance. This should help agency managers as well as the Commission staff and placement officials in the educational world.
- We will place increased emphasis on quality staffing when conducting training conferences for agency personnel. For example, a new course has recently been given in Washington to junior placement officers and plans are going forward to conduct similar training in the field. An advanced course for heads of agency placement programs is now being planned.
- We will give increased assistance to agency placement officials through developing better evaluation and ranking techniques. As we prepare new or revised classification and qualification standards, we will identify the important factors to be considered in evaluating candidates for selection and promotion.
- The Commission will take action to maintain the high quality of Federal personnel officials, since they obviously have an essential role to play in upgrading the quality of the entire staff. High standards for entrance into Government personnel work continue to be needed as well as effective career development and training of those already on the rolls.

WHAT THE MANAGER CAN DO

To summarize, the following action steps are suggested for responsible Federal managers who wish to advance the cause of quality staffing in their organizations:

- Hold fast to the concept of filling each vacancy with the best possible candidate, whether from within the agency or from elsewhere.
- Review personnel practices to insure that the concept of quality staffing permeates all aspects of the program, with due emphasis given to advance planning, identification of needs, proper relationship of external and internal recruitment, and development of promotion ladders and cross-training opportunities.
- Using the Commission's periodic manpower projections as a start, develop agency projections, occupation by occupation, as precisely as possible.
- Keep employees and employee organizations fully informed of staffing practices.
- Eliminate unnecessary delays and paperwork in placement programs.
- Above all, insure that responsible program managers fully accept their responsibility for personnel management. Let them know that they will be evaluated on their ability to do so. Where appropriate, encourage them to serve as members of boards of examiners, to comment on proposed CSC drafts of classification and qualification standards, to go on recruiting trips, to comment on proposed changes in promotion plans, to serve on promotion panels, and to plan and participate in training and career development programs.

CONCLUSION

Through the initiative and vigorous leadership of the President, we now have a white-collar salary scale that is reasonably competitive with that of private employment. We need to insure that the quality of Federal staffing and performance on the job are commensurate with these improvements in the Federal salary structure. As President Johnson recently stated on signing the Government Employees Salary Reform Act of 1964, "America's challenges cannot be met in this modern world by mediocrity at any level, public or private. All through our society we must search for brilliance, welcome genius, strive for excellence . . . ."

ADP Billboard

CSC AS A USER OF ADP

In addition to its Government-wide leadership role in automatic personnel-data processing and its central role with regard to the impact of automation on Federal workers, the Civil Service Commission runs an ADP operation of its own. This operation, too, is broad in scope and has a significant effect on Federal job applicants, employees, and annuitants.

WITH A SINGLE IBM 1401 computer, the Commission is not a dominant Federal user of ADP. It would be difficult, however, to find anywhere in the world any other single computer that touches the working lives of as many people. This fact stems from the uniqueness of the systems design associated with our three major automated programs: examining, personnel statistics, and annuity processing. Let us trace the path of a typical individual throughout his Government career to see precisely how the computer is involved at various stages.

The first step toward Federal employment is to take an examination. One examination conducted several times each year by the Civil Service Commission is the Federal-Service Entrance Examination (FSEE)—gateway to a variety of beginning professional and administrative positions. John Doe, a recent graduate of Grandwell College, fills in an application form to take the FSEE and sends it to the Commission's regional office in Denver. The computer, located in the central office in Washington, now takes over. It analyzes the forwarded application and prepares a notice telling John Doe where and when to report for the written test. It does this automatically by scanning examination points and their capacities, which are stored in the computer's memory, to determine where Doe can best be scheduled.

When he shows up for the examination, John Doe is given a packet of punch cards on which to mark his answers to the examination questions. When he completes the test, his cards are sent to Washington and fed through the computer for automatic scoring and further processing.

If John Doe passes, he gets a "happy letter" printed out by the high-speed printer (600 lines a minute). If he fails, he still gets a letter from the computer, but not so happy. (Computers are impassive by nature and don't fret over the results.) The final step (yet to be automated but being planned) is the establishment of registers and certification of John Doe to an agency that needs his services.

Our John Doe, being a man of high potential, is hired by a Federal agency. This brings him into the Commission's second automated program—the Federal Personnel Statistics Program (FPSP).

WITH APPROXIMATELY 2½ million employees on the rolls, it would be quite a chore for such a small computer to maintain statistical records on each one. This is where sampling takes over. FPSP was designed to follow only one out of every 10 Federal employees throughout their Government careers. John Doe, being one of the lucky holders of a social security number ending in digit 5, enters the system. FPSP records are updated through documentation (Standard Forms 50 and 1126) continually submitted to the Commission by agency personnel officers covering all actions affecting their employees. These documents are sorted and a selection is made of the employees in the sample for file updating.

The computer updates the current status of John Doe, as well as the other 250,000 employees in the sample system, and transfers his previous status into the work-history file. Until he leaves or retires from the Federal service, the watchful eye of the computer follows John Doe in whatever capacity he is serving.

FPSP IS EFFECTIVELY SATISFYING many data demands of the Government by providing useful information on grade, salary, location, sex, age, and type of appointment. These data enable the Commission to (1) advise the President and Congress on personnel management, (2) provide a sound basis for its own actions, rules, and regulations, (3) conduct special studies on turnover, grades, and occupational categories, and (4) meet the actuarial needs of retirement and insurance.

Having faithfully served his country for 30 years or more, John Does decides to move to the land of the hot sun and cool breezes, so he files retirement papers with his agency. The Commission's computer still hangs on tenaciously as it moves into the third automated program—the annuity system. This part of the computer's work ranges from performing computations required to process John Doe's claim and enter him on the annuity roll to maintaining statistical records for actuarial purposes.

Happily, John Doe's claim meets all legal and administrative requirements and he is entered on the retirement rolls. The computer routinely keeps track of any changes in Doe's status, such as change in beneficiaries, change of address, and annuity increase. Each month the Commission's 1401 "tells" the Treasury Department's computer that John Doe is very much alive and should be paid. Treasury then issues the check which enables Doe to continue to bask in the warm sunshine of his retirement haven.

THERE IS STILL ROOM for great expansion in this complex data processing cycle and exploratory studies are probing this potential. More data on more people for the personnel statistical program, more use of the computer in the retirement and insurance program, more automated examinations—the possibilities seem unlimited.

—Victor J. Cavagrotti

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WHAT PRICE PROTECTION?

by ANDREW E. RUDDOCK, *Director*
Bureau of Retirement and Insurance
U.S. Civil Service Commission

Paul Adams, 37-year-old city letter carrier, died suddenly of a heart attack last week. He left a wife, two young sons, and a partially-paid-for house. Mary will find it hard to get by and will probably have to take some kind of job outside the home, but she should be able to manage and to keep the family together. The reason: Paul's 15 years of Government service entitle her to retirement benefits of $68 a month for as long as she lives (and doesn't remarry) and the boys will each receive $52 a month until they are 18—or even 21 if they are still in school.

The Martins are more fortunate. John retired optionally at the end of December. He was 65, had worked 38 years, and simply decided to quit while he was still able to enjoy life. His monthly retirement check would be $434, except that he chose to receive a smaller amount so that he could assure Alice a continuing income if he should die first. He gets $414 a month now, and Alice will have $239 a month for the rest of her life after his death.

Both families obviously have a big stake in the civil service retirement system and in its fiscal soundness. So do millions of other Federal employees, past, present, and future. They look to it for financial security in their old age, and for income protection if disability or death strikes the breadwinner before he reaches retirement.

IT IS A GOOD SYSTEM, and it has been improved constantly through the years. In 1934, for instance, John would not have had the option to retire, despite his 38 years of service and his 65 years of age. He would have had to be 68 years old,[1] with 30 years of service; his annuity would have been a flat $100 a month; and he wouldn't have been able to provide the continuing income for Alice after his death because there were no survivor benefits then. Had Paul died in 1934 after 15 years of service, the only benefit available to Mary and the boys would have been a refund of about $1,100—Paul's own contributions toward the cost of his hoped-for retirement benefits, plus interest.

Partly because its benefits *are* very liberal, the civil service retirement system—so important to all the Adamses and Martins who have had Federal service, and so powerful a tool in the Government's personnel program—may soon be in financial difficulty. In about 10 years, if present financing methods continue unchanged, the Civil Service Retirement and Disability Fund, from which retirement benefits are disbursed, will be paying out more than it is taking in, and the balance that has been built up through the years will start draining away; in 25 years, the balance will have been completely spent. Figures 1 and 2 tell this part of the story graphically.

No one questions, of course, that the financing problem will be met—the full faith and credit of the United States are pledged to fulfillment of its retirement obligations to its employees—but how the problem can *best* be met is less clear.

THE FUND

The civil service retirement fund is not bankrupt, nor will it be in the immediate future. At the end of June 1964 it had a balance of more than $14.3 billion and was taking in over $2 billion a year in the form of retirement deductions from employees and matching contributions from their agencies. All this money is invested by the Treasury Department in interest-bearing securities of the United States, and interest on the investment is adding to the fund's balance at the rate of more than $400 million a year.

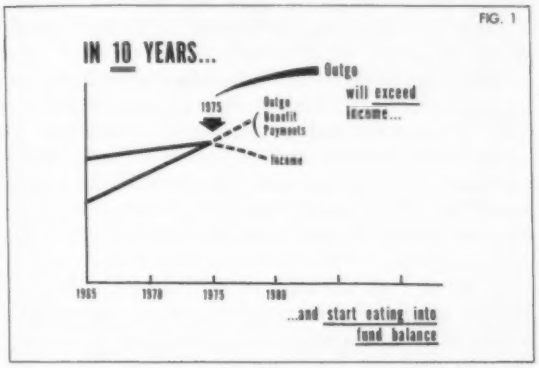
So long as benefits are not increased, the contributions now being made by employees and the matching contributions being made by their agencies will, when invested and earning interest, about cover "normal costs" of retirement—that is, the costs of the retirement benefits employees are now earning and will earn during their future service (figure 3).

[1] Postal workers could retire at age 63, and employees in hazardous occupations could retire at age 60, with 30 years of service.

THE "UNFUNDED LIABILITY"

Despite this good side of the picture, the retirement system had an "unfunded liability" of $39.2 billion at the end of June 1964. This means that it had a liability of $39.2 billion, *over and above its assets,* for benefits already earned by employees but due to be paid them in the future.

There are three major reasons for existence of the unfunded liability: (1) Government has increased benefits many times through the years without making sure that the fund received all the money it actually cost to give those increases; (2) the Government has not always paid its full share of the costs; and (3) the fund has lost, and is still losing, the interest it would have earned if all payments had been made on time and invested.



The system actually started with an unfunded liability because it promised, and delivered, benefits based on past service during which no contributions had been made either by the employee or by the Government. We still carry on the rolls, for instance, a man who retired on disability only 3 months after the retirement system began operations in 1920; he contributed only during those 3 months, but his benefits were based on his entire 15 years of service.

CREDIT FOR PAST SERVICE

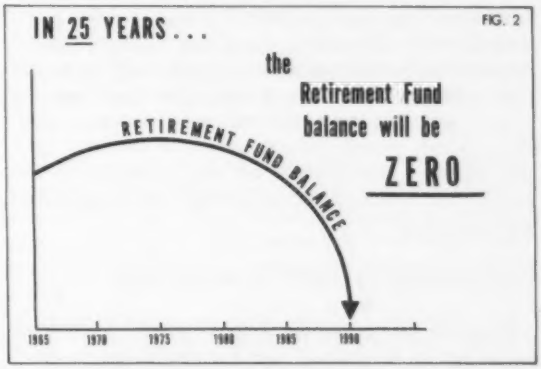
The unfunded liability is increased, and the soundness of the fund is adversely affected, by every action that provides a new or increased benefit based on past service without making provision for meeting the full cost of that benefit. Here are a few examples of liberalizations that have been made in the system without payment to cover all liability based on past service:

—Credit has been given for military service for which no contributions were made by employees or by their agencies.

—A succession of annuity increases (nine major ones in the life of the system) has been given persons already retired—increases for which neither those persons nor their former agencies made contributions. Our 1920 disability retiree, for instance, has seen his annuity check grow from $26.56 a month to $82 a month with no increased contributions by him or his former agency. The 89th Congress will be considering new annuity increases—on top of the one voted in 1962 to tie future adjustments to cost of living—for persons already on the retirement rolls; each 1 percent increase in present annuities, we estimate, would cost the fund an additional $125 million.

—The benefit structure has been repeatedly liberalized, including such changes as

- lowering the age-service requirements for full annuities.



- lowering from about 6.5 to 3 percent and then to 1 percent the reduction in annuity that is required for each year an optional retiree is under age 60. That 6.5 percent a year is about what early retirement actually costs. The fund is now recovering only a fraction of the actual cost, and bills proposing full retirement after 30 years of service regardless of age would eliminate even that.
- adding benefits for survivors and increasing those benefits several times without getting into the fund the full amount of money those increases actually cost. As late as 1962, the

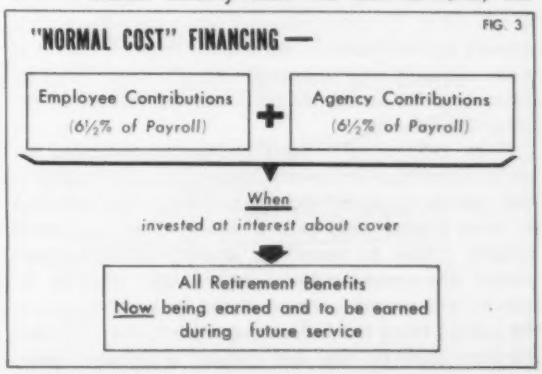


FIG. 3
"NORMAL COST" FINANCING —
Employee Contributions (6½% of Payroll)
+
Agency Contributions (6½% of Payroll)
When invested at interest about cover
All Retirement Benefits Now being earned and to be earned during future service

widow's benefit was raised from 50 to 55 percent of the life annuity—without increasing the employee's contribution or that of his agency—and at the same time the annuity reduction, by which he makes a token payment on the cost of the survivor's benefit was *lowered*. And bills have been proposed which would completely eliminate that reduction.

—The annuity computation formula has been liberalized a number of times, and a succession of salary increases has had the overall effect of increasing the unfunded liability.

What all this adds up to is that, however necessary and desirable it may be, EVERY BENEFIT ADDED OR LIBERALIZED HAS A PRICE TAG—a dollar for a dollar's worth of benefits. Since new or increased benefits are usually based on all service performed up to that time but contributed for at a rate below actual cost, the price is one that the system was not financed to meet. Even though contributions are raised at the same time, the increased contributions are not retroactive so the liability for benefits based on service already performed goes up and up.

GOVERNMENT HASN'T ALWAYS PAID

From the very beginning, employees have contributed to the system at whatever rate was established by then-current law as their share: 2½ percent of their salary at first, then 3½ percent, then 5 percent, then 6 percent, and finally the present 6½ percent (7½ percent for Members of Congress). From the very beginning, Government has assumed an obligation to pay the remaining portion of actual retirement costs. Government has not, however, contributed its share regularly and systematically, as employees have had to do; in fact, employee contributions since the system began have exceeded Government's by more than 2 billion dollars.

During the first 8 years of the system's existence, no appropriations were recommended by the President or enacted by Congress—all benefits were paid out of the current contributions of employees. From 1929 through World War II appropriations were generally recommended by the President and enacted by the Congress at a rate adequate to cover normal costs and to discharge by the end of this century the obligation represented by the unfunded liability.

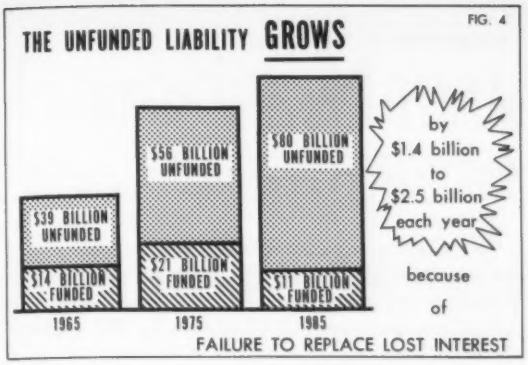
From 1950 to 1957 the President recommended appropriations based on several different financing methods. One year he requested appropriations at a rate sufficient to cover normal costs and to wipe out the unfunded liability within 30 years; the amount actually appropriated was somewhat lower. In 4 other years he requested only enough to cover normal costs and to replace the interest being lost because payments to the fund had not been made on time and invested at interest; again, the amounts actually appropriated were lower. In another year, only the additional cost of newly authorized annuity increases was requested, and that request was approved by Congress. And in two other years Congress appropriated more money than was requested by the President.

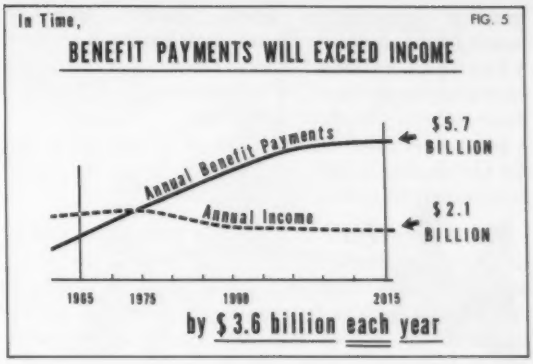
Since July 1957, on recommendation of the President and approval by Congress, all agencies have been required by law to contribute—out of their appropriations for payment of salaries—amounts equal to the retirement deductions withheld from employees' pay. This requirement assures that matching Government contributions are made, in full and on time, so that the fund now has annual income about adequate to cover normal costs—that is, the cost of benefits being earned now and to be earned during future service. It does not, however, produce enough income to reduce the unfunded liability, nor will it ever do so.

These varying recommendations by the President and varying reactions of Congress reflect different, and changing, philosophies and attitudes toward methods of financing Government's share of retirement costs. There are some, for example, who believe that the system should be "fully funded"—that is, have enough assets on hand at all times to cover its liabilities for all service already performed. Others advocate current contributions sufficient to cover normal costs and to prevent the unfunded liability from increasing. Some believe that neither of the foregoing measures is necessary; the system, they say, need only have assets equal to twice the net accumulated contributions of employees—that is, Government need only maintain in the fund an amount matching employees' equity in it. Still others consider that the fund's balance is sufficient if it equals employees' equity alone. And some subscribe to the "pay as you go" principle—more accurately described as "pay when you have to"—which means that Government would make additional contributions to the fund only when, and to the extent, required to meet benefit payments actually due and payable.

INTEREST LOSS HAS BEEN GREAT

Because credit has been given for past service that was not adequately funded and because Government has not always paid its full share of retirement costs as they were incurred, the fund has lost even more than the amount represented by the contributions that should have been made. Failure to pay these contributions into the fund *on time* reduced the amounts available for investment, and the resulting loss of interest that would have been earned through the years runs into billions of dollars. The unfunded liability is now increasing at the rate of $1.4 billion a year, and will increase at an even higher rate in the future, simply because the fund is not receiving the interest it would have been earning if payments equal to retirement costs had been made and invested as those costs were incurred (figure 4).





We are now paying out over $1.4 billion a year in retirement benefits. Under the present benefit structure, benefit payments will climb steadily for about 50 years, at which time they will be four times higher than they are today. Income, however, will fall far behind. Beginning in 1990, additional direct appropriations will be required to meet benefit payments. When benefit payments level off about 25 years later, they will exceed income from employee and matching agency contributions by $3.6 billion each year (figure 5).

POSSIBLE REMEDIES

The financial problem just described did not develop overnight, and there is little likelihood that it will be solved overnight. But it is time for Government to face the problem realistically. The Civil Service Commission and the Bureau of the Budget have for several years been exploring various ways of obtaining the additional income that will soon be required. The objective has been to develop a plan that will—

—provide a sound long-range solution, rather than rely on temporary expedients.

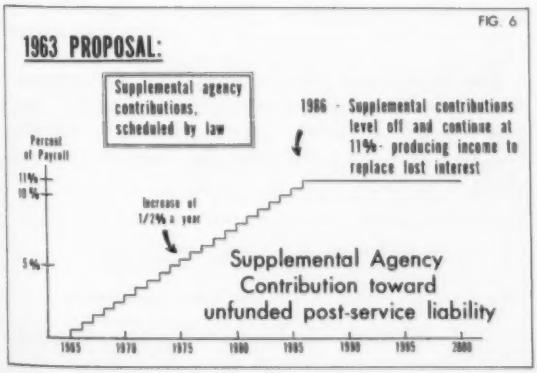
—be feasible from a budgetary standpoint, which probably means that strengthening of the fund should be gradual.

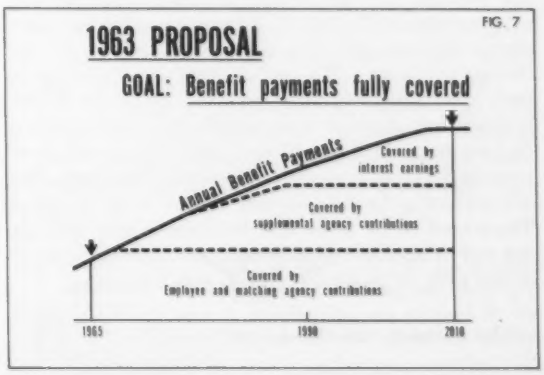
—assure employees that promised benefits will be paid without delays pending appropriation action.

—meet sound cost reporting and control standards, so that future costs of benefit changes can be assessed by the President and Congress and will be clearly and adequately reflected in the proper appropriation accounts at the time the costs are incurred.

A solution that meets all these criteria is hard to come by, because systems that defer appropriations far into the future tend to be weak from the standpoint of cost reporting and control, while systems that are strong in that respect are generally less feasible from the budget point of view.

The possibilities canvassed by the Commission and Bureau of the Budget ranged all the way from the extremes of (*a*) seek annual appropriations of an additional $1.4 billion each year (to replace the interest being lost by the fund), beginning immediately, to (*b*) do nothing until the balance in the fund runs out around 1990 and then seek direct appropriations of the additional $2.6 to $3.6 billion that would be required each year thereafter to cover the difference between outgo and income to the fund. Possibility (*a*) would stop growth of the unfunded liability, but its impact on the budget would be sudden and severe. Possibility (*b*) would present no budget problems now—our children and grandchildren would be paying our annuities—but might not assure that promised benefits could always be paid without delay





pending appropriation action. Another possibility would be to increase employees' contributions to produce a part of the additional income needed—but employees have always contributed the full amounts specified in law, those amounts are considered all that it is reasonable for a progressive employer to require of its employees, and the Government's financial obligation for the balance of their retirement costs is believed clear.

The Administration concluded in 1963 that a method of permanent financing, *scheduled in law,* should be sought to assure long-range integrity of the fund. It recommended gradually increasing *supplemental* agency contributions, coupled with full funding of all future benefit increases, as the best means of acquiring the additional income needed. It suggested that these supplemental contributions start at one-half of 1 percent of payroll, increase one-half of 1 percent each year, and finally level off at 11 percent of payroll (figures 6 and 7). At that point the supplemental contributions would be producing income equivalent to the interest the fund would be earning if all liabilities were funded. They would have to continue at that level thereafter because they would produce *only* enough income to replace the interest being lost; the unfunded liability would not be reduced, just as the mortgage on a house would not be reduced if interest payments, but no payments on the principal, were made.

The 1963 proposal—to continue the 6½ percent employee contribution and the matching agency contribution, to add gradually increasing supplemental contributions from agencies, and to require full funding of all future benefit increases—was intended to slow, and then stop, further growth of the unfunded liability; to keep the retirement fund solvent; and to assure availability of sufficient funds to pay, on time, the benefits earned by and promised to employees. It was not, however, enacted into law.

A new study of the problem is now being made, to determine whether the 1963 proposal should be resubmitted, for consideration by the 89th Congress, or whether some better approach can be found. It may be that financial or other public policy considerations will require some modification of the proposal or even a completely different method of improving financing of the retirement system. The method itself is of less importance than are recognition and understanding of the problem and adoption of some definite plan of action to do something about it. Considerable progress has been made in the areas of recognition and understanding. We are continuing to seek the best definite plan of action. There need be no doubt that the Government will—in one way or another—meet its obligation and pay its share of the price of protection promised its employees.

The question now is—in which way?

Commissioners' statement:

MERIT SYSTEM MARKS 82d ANNIVERSARY

The 82d anniversary of the Civil Service Act of January 16, 1883, signals the start of a new Administration, bringing the Federal work force new challenges and new opportunities in the Nation's service.

On this anniversary, members of the career service may well be proud of their past performances and of the traditions of dedication and dependability they have strengthened and sustained. Through the years since 1883—in times of war and peace, of stress and strain, of challenge and change—the stability, skill, and sense of the civil service have justified the wisdom of those who fought to replace the spoils system with the merit system.

Though fully merited, a prideful pause for reflection by civil servants must be but momentary—for they "have promises to keep."

President Johnson has made clear that the tasks before the men and women of the Federal service will be more demanding than those they have faced in the past. He has called for a major effort of every agency to help achieve the Great Society. He has said he expects the formulation of "imaginative new ideas and programs," paralleled by "hard-hitting, tough-minded reforms in existing programs." He has declared all-out war on waste, urged greater efforts to increase efficiency and economy, demanded full value for each tax dollar spent, and asked for the help of every employee, supervisor, and manager in the Federal service.

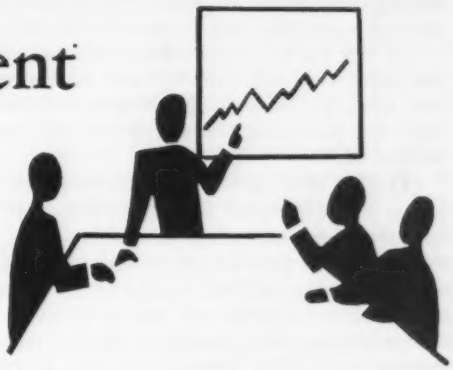
The President's charge constitutes an unprecedented challenge to the career civil service, but past performance of public servants presages nothing less than success in fulfilling the promises they are pledged to keep.

JOHN W. MACY, Jr., *Chairman*

L. J. ANDOLSEK, *Commissioner*

ROBERT E. HAMPTON, *Commissioner*

Financial Management and Executive Decisions



by BEN POSNER, *Assistant Director (Administration)*
U.S. Information Agency

RECENTLY, I SPOKE to a group participating in a training course given by the Civil Service Commission on Financial Management for Operating Executives. Included were several doctors, physicists, and other professional and scientific people, who were described to me at one point as "nonfinancial executives." These men were no longer engaged in their specialties, however. All were administering activities of some sort as heads of bureaus, offices, or other organizational elements. The implication that they could carry out these responsibilities in a "nonfinancial" manner struck me as anomalous.

ESSENCE OF SECURING RESULTS

The term "nonfinancial" might be descriptive of an individual's background. It could not, however, be descriptive of his function as an executive at a level of responsibility where the management of money (along with the management of men and materials) is the essence of securing results.

The fact is that the management of money—or financial management—is an important and inescapable responsibility of an operating executive, and one that is inextricably involved in the making of executive decisions.

Financial management is only *one* of the responsibilities of the manager, however. As stated recently by Civil Service Commissioner Robert Hampton:

> "Today's manager is a highly skilled combination of many things. He manages people, money, and materials—and assures the proper combination and application of each to perform a given task.
>
> "But already he is pressured by change to become something more—innovator, management analyst, employee-management relations adviser, educator, and so forth."

The problem of financial management and executive decisions should thus properly be treated as a part of the broader problem of how the manager should utilize his time so as to achieve optimum effectiveness and efficiency of operations. Obviously, no formula exists to solve this problem. There are too many variables—the purpose and nature of the organizational entity, its stage of development, the quality of staff, and such personal factors as the strengths and work habits of the executive himself.

The opinion of this writer is that the demands on the time of an executive with respect to financial management *per se* should not be very burdensome *if* he has competent staff and adequate financial mechanisms. But he must understand what is involved—what the pitfalls are, what constitutes adequate financial mechanisms, how financial management relates to all other facets of his organization and operations.

Financial management, a part of general management, may be broadly defined as, first, determining the financial plans and policies of an organization and, second, administering these plans within the policy framework.

RESOURCES AND SYSTEMS

The questions of an operating executive with respect to financial management may be summarized as follows:

(1) Given what it is I am trying to accomplish immediately and over a longer range period, what resources do I need to work with, and what resources am I likely to have to work with?

(2) Assuming that the resources I have to work with are less than I think I need, how can I use the resources available to me most effectively in reaching my objectives? Or, stated differently, which of my several needs (or what

ABOUT THE AUTHOR

DR. POSNER is an administrator, teacher, and lecturer in financial management. He has had broad budgetary experience in a variety of Federal agencies and in 1953 was assigned by the State Department as a financial consultant in setting up the U.S. Information Agency.

varying combinations of needs) become marginal when weighed against the basic purposes of my organization?

(3) Are my key people who are engaged in financial management activities competent, and are they keeping up with training necessary (in such dynamic fields as automatic data processing, for example) to keep them on top of their jobs?

(4) Do I have a system which guarantees me adequate accounting information? Is the classification of accounts such that it fits into planning and budgeting requirements? Does it meet the requirements of (*a*) obligation accounting when necessary for reporting on appropriations and for purposes of internal control, (*b*) accrual accounting where needed for effective management information, (*c*) the financial reporting system of my organization, and (*d*) external reporting needs?

(5) Is my system of internal control of funds consistent with operating responsibilities, so that the same officials who really make the decisions which involve the expenditure of funds are also responsible for the prudent management of these funds?

(6) Are my financial reports timely, accurate, complete enough (and not too voluminous) for my needs, geared to flag significant problem areas, and related to operating reports in an integrated system of information reporting for my organization as a whole? How good are the basic records or other source materials, if other than accounting records?

(7) Do I have a system of audit which verifies that funds are being spent legally, in accordance with administrative regulations, and in accordance with financial plans? Does it insure that cash is properly accounted for, that fraud or other irregularities are likely to be detected? Is it comprehensive enough without being needlessly expensive?

(8) Are all the above properly interrelated with one another, and with all the other aspects of management in my organization?

The questions listed encompass the four components usually included in any definition of financial management—budgeting, accounting, financial reporting, and auditing. They are intended also to point up the interrelationships of these components with one another, and of financial management as a whole with the other aspects of managing an organizational entity.

The extent of an executive's concern with the various questions obviously will vary from organization to organization. An organizational entity with the purpose of landing humans on the moon and bringing them back, for example, would hardly have the same problems of financial management as one which manages our national monuments.

If one examines these questions in terms of relative demands on the time of the executive, he will probably conclude that questions (4) through (8) will take up relatively little top executive time once appropriate financial systems are decided upon and installed. This conclusion is not intended to denigrate the importance of accounting, auditing, and financial reporting. These functions are vital components of total financial management in an organization. But their end purposes tie indirectly, rather than directly, into the kinds of decisions senior executives are called upon to make on a regular basis. They are, in a sense, the scaffolding used by an artist painting a mural on the interior of the capitol dome. The scaffolding is indispensable, but once the artist is satisfied that it is set up and dependable, his time and attention will be devoted to more immediate concerns.

The selection and training of key personnel is included as question (3) on the premise that this aspect of top management's responsibilities is fundamental to success in financial management, as it is in all other aspects of management.

It is the answers to questions (1) and (2) that bear most directly on the key executive decisions in almost any organization and therefore demand the time and attention of top management. Since 1961, with the adoption of 5-year program planning as an integral part of the Federal budget process, the budget aspect of financial management has become even more important.

EXECUTIVE DECISIONS

The relationships between financial management and executive decisions are clearly illustrated in the Department of Defense. Secretary McNamara has described his approach to improved planning, programing, and budgeting as follows:

> "To be really meaningful the defense program must be looked at in its entirety with each of its elements considered in light of the total program. This can only be done at the Department of Defense level. For example, the size of the POLARIS force cannot be determined in terms of the Navy shipbuilding program or even the entire Navy program, but can be validly judged only in relation to all of the other elements of the Strategic Retaliatory Forces—the B–52's, the ATLAS, the TITAN, and the MINUTEMAN ICBM's . . .
>
> "To make such a review a reality, a 5-year program was devised presenting the proposed force structure and cost projections in terms of the principal missions of the Defense Department."

As another example, the director of the antipoverty program recently translated broad congressional approval of his program into proposals for a variety of specific projects (job corps camps, neighborhood youth centers, neighborhood work and training projects, college work-study, assistance to community action, etc.), with price tags attached to each. Within the total funds available, he had to decide also what "mix" of projects would most nearly meet the objectives of authorizing legislation. Such decisions, made logically, involve a balancing of

benefits and related costs—the "cost-benefit" approach, which is merely another method of describing rational budgeting.

The executive decisions involved in the above examples, and in budgeting generally, are those of defining goals, establishing desirable levels of resource requirements, both immediate and over a longer period (the 5-year plan), and establishing priorities among activities competing for funds. The necessity for these types of decisions is not limited to any one phase of the budget cycle. It continues through the overlapping phases of formulation, justification, and execution. Secretary McNamara's approach to budgeting, for example, was initially developed to solve the immediate problems of managing existing resources—the "execution" phase of budgeting—rather than as a tool to use in budget formulation and justification.

The higher the level at which these executive decisions are made, the more diffuse are the influences upon them. Political, economic, strategic, and other considerations may be involved. At the highest level in the Federal Government, the President himself must pass on the appropriate balance that he wishes to propose in connection with matters such as the quantity of resources needed to support the Nation's defenses as opposed to those required to bolster the Nation's internal economy. The concern of President Johnson with these matters in the fiscal year 1965 budget which he presented to Congress is an outstanding example of the nature of the decisions required. His 1966 budget will reflect similar attention to this balance, judging from what he and Mr. McNamara have already said.

At lower echelons, the variety of considerations may not be so obvious. But, as Aaron Wildavsky explains so well in his recent book on "The Politics of the Budgetary Process," it is a fact of life that the preparation of budgets is influenced by many factors other than optimum program needs. The probable reaction of review bodies (bureaus and departments as well as the Budget Bureau and congressional committees), external pressures of interested outsiders within and outside Government and sometimes even the image which an executive wishes to project of himself as a responsible administrator, also affect budgetary decisions.

Budget officers and others engaged in staff capacities in budgeting and planning must adapt their functions to the needs of operating executives. They must insure that the facts needed for executive decisions are identified, organized, and presented in manageable form. For example, comparisons involving the various elements of the Strategic Retaliatory Forces of the Department of Defense (POLARIS, ATLAS, B–52's, and others) could be made by Secretary McNamara and his top staff only after budget and program staff had pulled together basic information on performance, costs, leadtime, etc., and had identified the significant program issues involved.

NEW TOOLS

Management tools recently developed or publicized by the Department of Defense to aid decision-making in budgeting and programing will undoubtedly be helpful to other departments and agencies. The "cost-benefit" (or "cost-effectiveness") concept as a part of program budgeting is one example. "Operations research" and "systems analysis" techniques are others.

It is worth noting that one of the problems in implementing the program package budget and "cost-benefit" concepts in the Department of Defense was the absence of true costs of projects and activities. Substantial adjustments, involving accounting and financial reporting as well as budgeting, had to be made within the Department before the new concepts could be made to work effectively. This fact emphasizes once again that financial management does not consist of a series of parallel disciplines. Each component must mesh with all others, from the accumulation and recording of basic data through the maintenance of accounting records, the preparation of useful reports, and the development of budgeting and planning projections. The current emphasis on longer range budgeting and program planning should not be permitted to obscure the fact that all budgeting and planning must be rooted in solid accounting support.

ASSESSMENT AND REASSESSMENT

In the execution phase of the budget process, executive decisions involve such matters as readjusting plans and priorities to meet changed situations and adapting plans to meet criticisms or wishes of review bodies (primarily the Congress). The reassessment of priorities may be a major task if Congress approves substantially less than requested in the President's budget.

Throughout the budget execution year, either periodically or in response to new and unforeseen developments, executives must determine how well their activities are carried out in relation to plans, and must make assessments of changing needs which may require either reprograming of resources or supplemental requests for funds. Financial management in relation to these decisions demands adequate financial and other reporting as well as the continued budget responsibility of insuring that relevant program and financial considerations are identified and brought to the attention of responsible executives.

SUMMARY

In summary, this attempt to explain financial management and executive decisions makes the following points:

(1) Overall effective management requires that financial management be integrated with all other major activities of an organization—policy planning, organization

and procedures, research, public relations, operating methods, personnel policies and practices, and so forth. The time devoted to financial management by an executive must be in proportion to the total task of managing his particular entity.

(2) A great many of the important decisions which have to be made by any executive involve cost considerations. The better an executive understands financial management in all its ramifications, the better these decisions are likely to be.

(3) Financial management should be viewed as a totality encompassing the fields of accounting, financial reporting, auditing, and budgeting. Accounting, financial reporting, and auditing provide the foundation for executive decisions. They are unlikely to pose problems *per se,* and therefore will not take up very much of the time of top executives.

(4) Determination of program levels and the establishment of program priorities represent key budgetary considerations in any organization. Decisions in this area are likely to take up most of the time executives devote to financial management.

The job of management becomes more difficult with the ever-increasing complexity of our society and of Government. But in the field of financial management, the executive has available today the use of an impressive array of proven management tools to help him. The explosive development of automatic data processing permits the collection, storage, and manipulation of data in almost unbelievable quantities and at speeds measured in millionths of seconds. Concepts such as cost-benefit analyses, systems analysis, operations research, and program budgeting have been developed and used primarily in the Department of Defense, although they clearly have applicability elsewhere.

The challenge to improve management—largely in the financial area—has been laid down repeatedly by President Johnson. The tools and the information are available. Government executives cannot afford to ignore either the challenge or the opportunities to meet it.

PENDLETON ROOM HONORS CIVIL SERVICE ACT SPONSOR

CENTER OF INTEREST for Civil Service Commission visitors is the Pendleton Room in CSC's library. It honors the sponsor of the Civil Service Act of January 16, 1883, and houses historical documents, special collections, and objects relating to the merit system saga. It provides a rich source of material for the study of the origins and development of the merit system. Exhibits include (right to left in large picture above): the small round table at which the original civil service rules were written, a massive desk used by Commissioner Theodore Roosevelt, a portrait of Senator George H. Pendleton, and a case of historical items. Also included is the famous Ismar Baruch collection of civil service materials, in front of which Miss Celerina G. Gotladera, of the Philippine Civil Service Commission, signs the guest register as Brian Hamilton (left), of the Australian Public Service Board, and J. Douglas Hoff, Manager of CSC's College and Foreign Visitor Program, look on. Inspecting items in the history case are David F. Williams, Director of CSC's Bureau of Management Services, and Mrs. Elaine Woodruff, CSC Librarian.

Here is an experiment in Commerce that is well worth watching . . .

A Science and Technology Fellowship Program

by JOHN WILL and REUBEN POMERANTZ

A MODERNIZATION OF the Department of Commerce personnel program was undertaken early in 1964. Major emphasis was placed on providing opportunities for employees to broaden their backgrounds and perspective through participation in career management programs. One of the first programs of this type was initiated in the science and technology area.

Under the direction and leadership of J. Herbert Hollomon, Assistant Secretary of Commerce for Science and Technology, and Herbert W. Klotz, Assistant Secretary of Commerce for Administration, the Department developed a Science and Technology Fellowship Program designed to broaden the scientific, technical, and managerial abilities of senior staff members in its technically oriented bureaus. Dr. Hollomon's contributions in the technical area and Mr. Klotz's full support in the administration area have resulted in a program with high promise of being of great value to the Department.

The decision to establish a high-level executive and scientific training program for key employees was preceded by discussions between the Assistant Secretary for Science and Technology and the Directors of the Weather Bureau, National Bureau of Standards, Coast and Geodetic Survey, and Patent Office. It was the consensus that a real need existed. The Assistant Secretary and the Directors felt that this program would be of immeasurable value to participants in their regular assignments, and would also create a reservoir of talented employees for staffing more responsible positions at a later date. The Scientific Directors of the above bureaus and offices participated personally in the selection process, determining academic objectives, and formulating job assignment plans.

The Science and Technology Fellowship Program combines an intensive educational and orientation program with actual work assignments. The program provides an opportunity for persons displaying breadth, understanding, and traits of leadership in the conduct of programs in the technically oriented bureaus to gain firsthand knowledge and experience in the overall functions of the Federal Government. It fosters greater awareness of the technical activities and problems existing in sister agencies of the Government, on a national and international level, thereby providing motivation and encouragement for the development of cooperative endeavors and programs. Improved communications and greater understanding between bureaus of the Department should also result, thus developing collaboration and cross-fertilization leading to increased interplay between bureau activities and the Department. Finally, it provides the opportunity for participants to work on broad, challenging problems in other bureaus of the Department allied to the individual's specialty or interest, with the intent of defining or developing opportunities for joint cooperation and collaborative efforts.

THE FIRST GROUP of 17 participants began their orientation in the program in September 1964. Each Director of the scientific bureaus nominated four to ten of his most promising employees. Final selection, after careful screening, was made from this group by a Department Management Committee. The qualifications of the persons selected are most impressive. Most are in grade GS–14 and above and occupy responsible positions in such fields as oceanography, radio propagation, meteorology, chemistry, patent examining, metallurgy, engineering, digital computer systems, physics, and budget analysis. The group is well qualified academically. Collectively, it is comprised of persons with 35 college degrees from 29 different universities—18 bachelor's, 11 master's or LL.B.'s, and 6 Ph. D.'s. It consists of laboratory scientists as well as scientific administrators—the commanding officer of a survey ship, the Chief of the Metallurgy Division at NBS, the Special Assistant to the Superintendent of the Patent Examining Corps, and the Chief of the Data Reduction Center at the Weather Bureau's National Weather Records Center.

The program, of 10 months' duration, began with a 4-week orientation conducted by the Brookings Institu-

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tion of Washington. This orientation included seminars and informal discussions with representatives of the legislative, executive, and judicial branches of Government with visits to major Federal agencies. The interplay of Government with related activities sponsored by industry and educational institutions, at both the State and Federal level, was stressed. The purpose of this phase of the program was to provide an overall view of Government structure and operations, a broad understanding of Federal problems and activities, and the important interactions between the Government and the industrial and educational communities.

A 1-week orientation to the overall mission of the Department of Commerce is also part of the program. This orientation includes conferences and informal discussions with representatives of all the Department's operating elements, with an emphasis on those aspects of the Department's mission which are related to private industrial technology.

Evening seminars and weekly luncheon programs with leaders from the fields of education, Government, business, labor, and the professions are used for in-depth exploration of the major policy problems of the Federal Government. Also planned is a 2-week observation assignment on Capitol Hill, and a specially designed reading program.

THE OVERALL PURPOSE of the orientation and indoctrination portion of the program is to expose the participants to such broad issues as the criteria for choice among scientific and technical programs, the economics of fiscal policy and the budget for science in Government, technological innovation as an element in the Nation's economic growth, scientific manpower as a problem of national policy, the role of higher management in decisions on technical programs, science and technology in world affairs, and the organization of scientific activities in the Federal Government.

The balance of the program consists of the selected work assignments. These are set up in bureaus other than those in which the participants normally serve. They are specifically designed to provide an intensive and challenging work experience in an area allied to the individual's specialty or field of competence. They involve decision-making and policy-making activities, and thus provide unprecedented opportunities for overall career development.

The progress of each participant in the program is being carefully evaluated at periodic intervals, and adjustments are made as needed in individual cases to assure that maximum benefits are being derived.

IF THE PROGRAM is as successful as we think it will be, it will be repeated and possibly expanded. One plan under consideration is to invite participation by other Federal agencies.

QUOTABLE:

We might well ask ourselves . . .

WHO ARE THE SPOKESMEN?

(*from an editorial in FAA's house organ,* Horizons, *October 1964*)

♦ **"A Federal Aviation Agency spokesman today said . . ."**

A pretty impressive opening statement, isn't it? It commands attention, it has the ring of authority, and the person reading it has the right to assume that what follows is a reasonable, responsible declaration of fact. This confidence in the printed word is a badge of honor, well-earned by conscientious reporters and publishers.

But are you, as a member of the Federal Aviation Agency, a reliable *spokesman?* Have you ever considered that you yourself are a *spokesman?*

Well, you are. You cannot divorce yourself from your affiliation with the FAA—if you are a typical FAAer you are proud of your job, your Agency, and the part you play in its efforts to make flying safer and more efficient.

Whatever you say or do, on or off the job, bears the FAA imprint however light it may be. Shop talk of a disparaging nature, critical remarks about co-workers and supervisors, boastful statements—all create a negative impression of our Agency and do nothing to further our mission. All they do is sow the seeds of discontent. Moreover, the bearer unconsciously attributes them to "a Federal Aviation Agency spokesman."

Unlike the military and Government agencies such as the Post Office, we do not wear uniforms and it might be assumed from this that we pass unnoticed in our communities. Nothing could be further from the truth. Make no mistake—we are well known even though we might be the only "Government family" in the neighborhood. What we, as individuals, do is very easily translated into an image of what our Agency is . . . . In spite of more than 50 years of flight, aviation still is not taken for granted—an airplane passing overhead still attracts its share of attention. That airplane, and the people who insure its safe passage from point to point, are part and parcel of the Federal Aviation Agency. . . .

We in the Agency can share in the credit, along with the air carriers and the rest of the aviation community, for reducing the number of accidents. And we can be proud of our ability to adapt to increased air traffic operational loads. . . . We are a first-rate agency staffed by top-quality, dedicated people. Our actions speak louder

than words, our example is something that can be viewed, examined, weighed, and held up for all to see.

While newspaper stories will continue to start with "A Federal Aviation Agency spokesman today said . . ." the real talking will be done by us, the people who make the FAA tick, and we'll do it by deeds, just as we've done in the past. ♦

No "gold watch syndrome"—

ROCKEFELLER PUBLIC SERVICE AWARDS

(from address by Acting Attorney General Nicholas deB. Katzenbach at the 1964 Rockefeller Public Service Awards Ceremony, December 3, Washington)

♦ These awards are commendable because of the pride, appreciation, and honor felt in this room. They are commendable because of the dignity they give to others in Government service. And there is, in my view, an even more commendable reason, one which applies across the country.

Too often, such awards suffer from what might be called the Gold Watch Syndrome. Too often, the very phrase "career public servant" evokes the image of a Bob Cratchit, tending the books for long hours and many years, uncomplaining about the lack of heat and the failing of his eyesight.

What Mr. Rockefeller and Princeton University have done through these awards is to honor not simply time in service, but how well that time has been spent. These awards honor Government employees not merely because they are Government employees, but because of the incalculable contribution they make to the very shape of the society in which we live.

All of us in this room recognize that contribution. All of us who work in Government recognize it. But I am not sure that the Nation does. Government has, perhaps, become so complex that too often the identity of individuals and the nature of their work are dismissed, collectively, as "bureaucracy."

By focusing this spotlight on these men, you do much to inform a country which can, as a result, only be reassured. ♦

Something new in the changing Federal Service:

LO, THE AUTOMATIC NEWS RELEASE

(by Susanna McBee—reprinted by permission from The Washington Post, *December 8, 1964)*

♦ In the beginning, the executive who wanted publicity would call on the reporters and tell them the news.

It came to pass, however, that he no longer had time to tell the news himself. And he hired public relations men, or flacks, as they later were called.

Soon the flacks saw that they did not have the time to write all the stories that the executive wanted. They yearned for a wondrous machine that would bring forth the routine news and leave them time for creative efforts.

Lo, last week the U.S. Census Bureau discovered it has an electronic computer that begets press releases and addresses them.

Hallelujah, said the flacks, as they beheld the first compositions of the machine. These news releases told all the people of 1963 retail trade figures for counties in Idaho and Montana.

Most Census Bureau flacks were filled with joy. They wrote a 26-line news release about the computer's 22-line release.

A few of the flacks and all of the press, it is said, were sorely jealous over the grace, the style, the wit of the computer's release, which began:

"Bannock County's 493 establishments had $73.0 million in sales in 1963, an increase of 21 percent from 1958, the U.S. Bureau of the Census has just reported after tabulating data gathered from all firms in the 1963 census of business."

And it shall come to pass within the next few months that the look-no-hands releases will have multiplied exceedingly. Blessed will be the 16,000 news outlets in the Nation's 3,000 counties, for they shall have received these releases. ♦

Federal workers: fair game in

GOVERNMENT BY CUSSING

(from editorial by Eugene Patterson, Atlanta Constitution, *November 17, 1964. Reprinted by permission.)*

♦ Daily, and always quietly, they [Federal workers] see to it that your neighbor pays his taxes just as you do; predict your weather; control your airliner in traffic; compel quality in Federal expressway construction; conserve your soil; control forest fires; inspect your foods and drugs; arrest your predators; plan your dams; fight for your country, and take your abuse.

But this isn't all bad. The suspiciousness with which individuals scrutinize Government activity is a healthy part of the American check and balance. Ours still is an impulse not of gimme, but of git. The Federal employee knows it better than most citizens. The good ones accept, as part of their jobs, the expectation that they will have the patience of Job, the wisdom of Solomon, the hide of a rhino and the long-suffering integrity to act always as firmly as they should, though seldom as fully as they could. And they accept the fact that nobody will notice their unreciprocated tact, or appreciate it. ♦

TRAINING DIGEST

WHITE HOUSE FELLOWS

President Lyndon B. Johnson recently announced the appointment of a Commission on White House Fellows. The Commission will annually select 15 Fellows from persons in all walks of American life, including business, the professions, government, and universities. The Fellows will be assigned for 12 months to high-level offices in order to give them first-hand experience in Federal Government operations and to increase their sense of participation in national affairs.

The first candidates will be selected next summer and will receive their assignments in September. In its first experimental year, the program will be supported by a grant from the Carnegie Corporation of New York. Fellows' stipends will range from $7,500 to $12,000, with additional amounts for members of their families.

Applicants must be American citizens 23 to 35 years of age, and graduates of accredited 4-year colleges.

The Fellows will have completed their education and a number of them will be well into their careers. Each must have demonstrated outstanding qualities of character, ability, leadership, and career potential. Fellows will be expected to take leave of absence from their occupations. They will be assigned to the offices of the President, the Vice President, and members of the Cabinet.

David Rockefeller is the chairman of the Commission on White House Fellows, and Thomas W. Carr is the Director.

PERSONNEL MANAGEMENT TRAINING

A course in manpower utilization is being offered March 3 through 5 by the newly organized Personnel Management Training Section of the Commission's Office of Career Development. The course is open to staff and line officials who have manpower responsibilities.

Other new courses being announced by the Personnel Management Training Section will include organization theory for personnel officers and a motivation seminar. Courses for employee training officers and lecturers are being transferred to the new office.

Ronald V. Ciminski, the director of the new section, stated that old programs will be redesigned and new programs will be created to meet the needs of tomorrow's managers of personnel functions.

FOLLOW UP LONG-TERM TRAINING, SAYS IRS

When an employee returns from a long-term period of training, says Bertrand M. Harding, Acting Commissioner, Internal Revenue Service, his supervisors should have "specific plans for his post program utilization and career development." Writing to such a supervisor, Mr. Harding declared, "I am not suggesting 'managed' careers for particular individuals. But I am suggesting that, in view of the size of our investment, we should take some definite steps to insure that a maximum return is received."

Mr. Harding, pointing out that the main measure of long-term training effectiveness is what happens afterwards, urged the line official to "build upon and reinforce the impact of the educational experience the trainee has been exposed to" and called for "interrelating his educational program plans with your plans for his future."

CONTRIBUTIONS AND AWARDS

Contributions, awards, and payments in connection with training needs may now be accepted from an organization which is not subject to the prohibitions against augmenting Government salaries (18 USC 209). The principal effect of this modification is to permit the acceptance of such payments from State, county, and local governments.

Prior to this determination by the Commission, such payments in connection with training and meetings could be accepted only from an organization which had been determined by the Secretary of the Treasury to be exempt from taxation. (See FPM Supp. 990–1.)

TRAINING NOTES

A new training center will be opened by the Internal Revenue Service early next year just across the Potomac from downtown Washington. Approximately 3,600 square feet will be available with modern visual aid systems for the instruction of supervisory, management, and technical employees of that agency.

Housing intern training, conducted by the Housing and Home Finance Agency and the Agency for International Development, is open on a worldwide basis. Forty-eight trainees are now participating in the 9th annual program, which is designed to improve the technical skills of men and women with training or work experience in housing and urban development.

Training agreements providing for accelerated promotion will be renewed on their merits, Commission officials announced in FPM Letter No. 271–4. Each request for approval of an agreement providing for exception to time-in-grade requirements should show clearly why the training agreement is necessary and what hardship will result if the agreement is not approved. The request should be supported by factual data on scarcity of replacements, difficulty in recruiting, difficulty in retaining personnel, evidence as to how the agreement will reduce costs or increase productivity, or other pertinent factors.

—Ross Pollock

RECRUITERS ROUNDUP

ALWAYS: College placement directors *should* be the focal point of recruiting activities on college campuses. They *should* be the first contact on a campus and *should* be kept posted on any recruiting activities an agency plans to conduct at their colleges.

BUT: How about college faculty? What can Federal recruiters do to get faculty help in recruiting through placement offices? The following is an expression on this subject by Dr. Gerald E. Fitzgerald, Chairman, Department of Political Science, St. John's University, Jamaica, N.Y. The techniques he describes can materially assist campus recruiting. No doubt there are many other faculty members who feel the same way.

THE RECRUITING TRIANGLE

THE RECRUITING PROCESS can be viewed as a three-sided attempt to round up quality personnel. If we enclose the candidates within a triangle, the sides are: the recruiter, the college placement officer, and the professor. Too often campus recruiting is unsuccessful because one side of the triangle is missing—the professor has been bypassed.

After some years of Government service, I am now engaged in teaching graduate and undergraduate courses in public administration. Although I have been in college teaching for some time, I have not seen *any* recruiter from *any* Government agency, with the exception of one State official who seemed surprised that a professor would approach him to request literature on current employment opportunities!

To understand why the third side of the triangle is important in recruiting, one must attempt to understand the influence of the professor upon the student. I recall my freshman political science professor with deep affection. In the days of the depression, Government recruiters were not needed. Jobs were practically nonexistent and competition was intense. With concern for his students, this professor managed to keep up to date on employment opportunities in Government and to pass them on, with a thorough evaluation, to his students.

TODAY'S SERIOUS STUDENT consults with his professors in many of the choices he must make during his academic career. Most professors, therefore, make every effort to remain current on placement opportunities in their field. In fact, some professors have already done a good job of pointing out the advantages of Government employment well before the recruiters arrive on the campus. In this I am sure many recruiters will agree.

Yet overall, the idea of the professor as an ivy-tower dreamer, concerned with abstractions and disinterested in the mundane matter of employment for his graduating seniors, still persists. Without attempting to demolish this idea with a preponderance of evidence, I simply suggest that recruiters put aside any notions they may have in this regard, and elicit the active cooperation of the professor in performing their task. It can be assumed that the professor has a deep interest in the welfare of his students. Unfortunately, he is a busy man engaged in teaching, writing, attending innumerable meetings, supervising clubs, and grading papers. He does not have much time to spend seeking information that is not readily available.

With this latter point in mind, the recruiter should revamp the process to secure the active support of the professor. The following steps would create an atmosphere in which cooperative action on the part of the professor is assured:

(1) Before sending a recruiter, notify the academic departments involved of the dates of interviews and, if possible, of the types of positions to be filled. To be sure, the college placement officer is notified and he posts a notice, but professors do not have the habit of reading placement office bulletin boards. Would not the accounting department welcome the news that accountants are sought by Government and pass this on to their students? When seeking liberal arts graduates, should you not ask the political science department, with its special competence, to help make your needs known? A brief letter, with appropriate literature enclosed, to the appropriate department chairman would surely be circulated among the members of the department and thus publicize the visit.

(2) Some time during his visit to the campus, the recruiter should visit chairmen and members of appropriate academic departments. He should not be offended, however, if the professors can give him only a few minutes of their time. Professors, too, have to live by the clock and may have to go to a class or a meeting in a few minutes. This is not guaranteed to produce a wealth of potential candidates the first or second year, but in time professors will be more fully aware of the opportunities in Government service.

(3) If you haven't already done so, check on what prompted the students to appear for interviews with your recruiter. See if these responses change significantly from year to year as a result of increased faculty cooperation.

(4) After leaving the campus, the recruiter should send a note to the departments that supplied likely candidates as well as to the placement officer. Professors would like to know how their students have fared.

ATTENTION TO THESE DETAILS will not result in a stampede of candidates. It may not even increase the number of candidates at first. In time, however, with the professors alerted to the opportunities available, I am sure that both quantity and quality of candidates seeking out the recruiter will increase. **Isn't it worth a try?**

LEGAL DECISIONS

LIFE INSURANCE

Brinson v. *Brinson,* Court of Appeals, 4th Circuit, June 16, 1964. This case was a contest between the widow and children of a deceased employee over the proceeds of his Federal Employees Group Life Insurance. The employee had been awarded a limited divorce (from bed and board) with custody of the children. He died without designating a beneficiary. The order of payment specified in the statute is first to the designated beneficiary, and if none, to the widow or widower, and then to the children if there is no widow or widower. The district court ruled in favor of the children and the Court of Appeals affirmed, holding that under principles of equity the wife "who seeks to play the role of widow to a man she has been judicially found to have deserted in a contested divorce case and to supersede the children who were by the Court awarded to that man and not to her" is barred from recovering the proceeds of the policy as the "lawful widow" of the deceased.

COMPENSATION—OVERTIME

Rapp v. *United States, Hawkins* v. *United States,* Court of Claims, October 16, 1964. These two cases were consolidated because of their similarity. Plaintiffs were seeking overtime compensation for tours of duty as "duty officers" served at their homes. This was a function that was in addition to the normal duties of plaintiffs' positions. On workdays the duty officer hours were from 5:00 p.m. to 8:30 a.m. the following day; on Saturdays, Sundays, and holidays the hours were from 8:30 a.m. to 8:30 a.m. the following day. The principal responsibility of the duty officer was to stay within hearing distance of his home telephone. If an official message was received, he was to either take appropriate action himself or notify his superior. The facts established that neither plaintiff had ever received a call after 9:00 p.m. The court concluded that it could not be said that the evidence established that plaintiffs spent their time predominantly for their employer's benefit in performing these tours of duty at home. Hence the court ruled that the tours were not "hours of work" within the meaning of the Federal Employees Pay Act of 1945, as amended, and denied plaintiffs' claims for overtime compensation.

REMOVAL—PROCEDURES

Seebach v. *Cullen et al.,* Court of Appeals, Ninth Circuit, November 6, 1964. This case can be effectively summarized in the language of the court. "Appellant's removal was effected pursuant to the Lloyd-LaFollette Act . . . . The Act and the applicable regulations require that the notice of removal 'clearly identify which of the reasons are relied upon in taking the adverse action.' Appellant's complaint is simply that the reasons for her removal were not stated, as required.

"We believe that appellant misunderstands the procedural requirements. She equates 'reasons' with 'examples' and contends that, since twenty-four examples of alleged conduct were offered in support of the charges filed against her, each example must be found to be proved or disproved and the findings stated in the removal notice. The examples, however, are in the nature of a bill of particulars and are not the ultimate reasons for the dismissal. . . .

"Specific findings with respect to each example of conduct underlying these reasons were unnecessary; and we note that, even had they been made, such findings would be of no value to appellant here for we do not review findings of fact in cases such as this."

VETERANS APPEALS—CONFRONTATION

McTiernan v. *Gronouski,* Court of Appeals, 2d Circuit, August 28, 1964; *Hunter* v. *Gronouski,* District Court, Florida, October 19, 1964. In both cases adverse action had been taken against veterans and sustained by the Commission (removal in one case, demotion in the other). Both plaintiffs sought to have the courts reverse the Commission's decision on the ground that the agency had not produced witnesses at the hearing as requested. The Court sustained the decision of the Commission in both cases, pointing out that neither plaintiff had first attempted to arrange privately for the attendance of the witnesses at the hearing, a "burden imposed upon him by *Williams* v. *Zuckert.*"

SUPREME COURT

The Supreme Court has refused to review three cases previously noted in the *Journal.* On October 12, 1964, the Court denied certiorari in *Erenreich* v. *United States* (*Journal,* Vol. 4, No. 4), in which the Court of Claims had held that an employee has no right to have an attorney present at an employer-employee supervisory discussion prior to notice of disciplinary action or adversary proceeding. On October 26, 1964, the Court denied certiorari in *Swanson* v. *United States* (*Journal,* Vol. 5, No. 2), which leaves undisturbed the Court of Claims decision upholding plaintiff's summary separation from his position in the International Cooperation Administration when that agency was abolished and the Agency for International Development was created. On November 9, 1964, the Court denied certiorari in *Turner* v. *Kennedy* (*Journal,* Vol 5, No. 1), in which the Court of Appeals, D.C., had upheld the removal of a Special Agent of the Federal Bureau of Investigation on charges based on statements he had made, in letters to a Senator and a Member of the House of Representatives, regarding his treatment in his position and other personnel conditions in the Bureau.

—John J. McCarthy

U. S. GOVERNMENT PRINTING OFFICE : 1965 O - 758-544

Worth Noting (*Continued*)

TOUGHER ENTRANCE STANDARDS for stenographers and typists, introduced in January 1964, have reversed the trend of hiring stenos at grade 4 and typists at grade 3. High school graduates hired as typists now enter service at grade 2, stenos at grade 3, with post high school training or additional experience needed to qualify for former starting grades of GS–3 for typists and GS–4 for stenos. There appears to be no significant change in the availability of candidates nor in the quality of employees hired since the stricter standards went into effect.

NOMINEES for the 1965 Federal Woman's Award are now being considered by a distinguished panel of judges. Six career women, picked for achievement in executive, professional, scientific, or technical positions, will be honored March 2 in Washington.

Judges are William S. White, Marion B. Folsom, Mary Pillsbury Lord, Ann Garry Pannell, and Caskie Stinnett. Mrs. Katie Louchheim, Deputy Assistant Secretary of State for Community Advisory Services, is chairman of the board of trustees for the Federal Woman's Award.

SKEPTICS said it couldn't be done, but 26 Federal agencies hired 334 mentally retarded workers between January 8 and December 31, 1964: 177 were appointed in field activities and 157 in the Washington, D.C., area. Other agencies have expressed interest in taking part in the program.

Retardates are performing satisfactorily as typists, mail clerks, machine operators, money examiners, housekeepers, messengers, farm laborers, press cleaners, laundry workers, and in other low-skill occupations.

ROCKEFELLER PUBLIC SERVICE AWARDS for 1964, and cash grants of $10,000, have been presented to five career executives (see Acting Attorney General Katzenbach's remarks, page 21). Winners, by category, were:

Administration—William D. Carey, Executive Assistant Director, Bureau of the Budget.

Foreign Affairs or International Operations—Charles W. Yost, Deputy Permanent U.S. Representative to the United Nations.

Law, Legislation, or Regulation—Harold F. Reis, First Assistant, Office of Legal Counsel, and Executive Assistant to the Attorney General, Department of Justice.

General Welfare or National Resources—Gordon E. Howard, Assistant Commissioner for Program Planning, Urban Renewal Administration, Housing and Home Finance Agency.

Science, Technology, or Engineering—Dr. James A. Shannon, Director, National Institutes of Health, Public Health Service.

CSC BOOKLET, "Employment and Compensation of Experts and Consultants" has been revised to include appropriate provisions of the Dual Compensation Act. Agencies may obtain copies from the Superintendent of Documents, U.S. Government Printing Office. Ask for Personnel Management Series No. 3, Revised, October 1964.

—Joseph E. Oglesby

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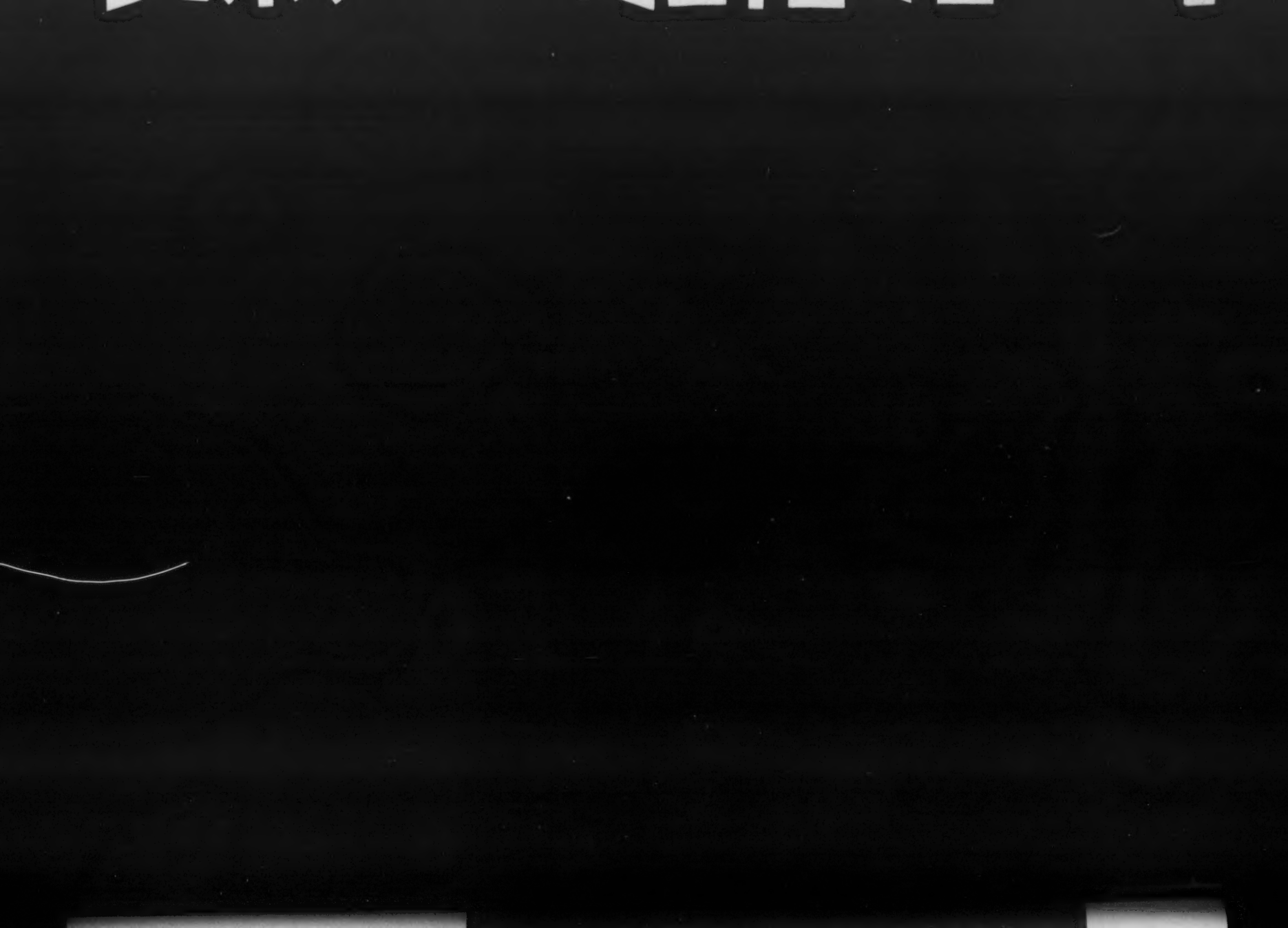
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